

CITY OF SCOTTSDALE HOUSING BOARD
One Civic Center 3rd Floor Conference Room
7447 E. Indian School Road, Scottsdale, Arizona 85251
February 17, 2004
5:00 PM
SPECIAL MEETING
MINUTES

PRESENT: Barbara Williams, Chair
Del-Monte Edwards
Gary Morgan
Tamela Nagy
Joe Priniski
Robert Southworth

STAFF: Mark Bethel
Molly Edwards
Ed Gawf
Jack Miller
Beverly Johnson
Connie James
Diane Kallal

GUESTS: Rich Crystal

1. ROLL CALL:

A formal roll call confirmed the members present as stated above.

Ms. Williams called the special meeting of the Housing Board to order at 5:02 p.m., noting the presence of a quorum.

2. APPROVAL OF MINUTES FROM SPECIAL MEETING ON JANUARY 27, 2004

On motion made by Board Member Priniski and seconded by Board Member Southworth, the minutes from the January 27, 2004 special meeting of the Board were approved. The motion passed unanimously.

3. CDBG AND HOME FUND APPLICATIONS-REVIEW/DISCUSSION

Ms. Williams noted that on the previous Tuesday, the Board heard proposals for CDBG and Home Fund programs, and that the role of the board was to deliberate and make recommendations based on those proposals as to funding. She added that the recommendations would then be presented to the Human Services Commission at their February 19, 2004 meeting.

Mr. Bethel stated that the Housing Chair would present the Housing Board's housing-related funding recommendations to the Human Services Commission at their February 19th meeting. The Human Services Commission will consider the Housing Board's recommendations when the Commission makes the final funding recommendation to the City Council at the April 20th Council Meeting. Mr. Bethel distributed a spread sheet and noted that staff recommended no funding to Aaron and Kathryn Kuhl, Scottsdale Condominiums, as it was found to be an ineligible match. He pointed out that owner equity was not allowable as part of the application, and referred to the regulations governing application for HUD funds. Discussion ensued, and it was the consensus that the match was ineligible.

Mr. Bethel advised the Board that HUD had awarded the Maricopa County Home Consortium extra HOME funds for the American Down Payment Initiative in the amount of \$33,672 for 2003-04, and \$25,971 for 2004-05. The notification was not received in time to be included in the procurement process, and therefore Mr. Bethel stated that City Council would be informed of these funds for future funding. Mr. Bethel also noted that additional HOME funds had been awarded to the consortium, and estimated that Scottsdale's share would be approximately \$1500, which could be awarded this evening in conjunction with other funding.

The Commissioners reviewed the ARM HOME funds proposal and Ms. Williams expressed concern as to the proposal to buy only two homes for the \$550,000, and suggested that four homes for that amount would be more appropriate. Mr. Bethel referred to the maximum subsidy per unit of \$148,000, and suggested three units for \$444,000 or perhaps a four-plex for \$450,000 with rehabilitation. Mr. Morgan pointed out the verbiage in the proposal stating that ARM would provide rehabilitation only if necessary, and requested clarification. Mr. Bethel stated that ARM must meet minimum housing quality standards, and surmised that, in all likelihood, rehabilitation would be required. Mr. Morgan also commented that the ARM program was not well defined as far as number of units, program participants, cost and location.

Ms. Nagy spoke in support of the ARM HOME proposal, pointing out that it allows the city to participate in the transitional process, and thus in the reduction of homelessness. Ms. James added that Save the Family Foundation provides assistance with household budgeting for the residents. Further discussion ensued as to the appropriate number of units to be funded, and the specifics of the income restrictions for participants.

The Board Members went on to discuss the CSA proposals. Mr. Edwards recused himself from discussion and action on this proposal. The Board noted that funding from the previous year has not been utilized to date. Mr. Morgan commented that the proposal mentioned rehabilitating existing properties and seemed more cost effective. Chair Williams spoke in favor of the organization, but noted the units that remained to be completed for the city from the previous year's funding. Mr. Bethel responded that CSA had met their contractual obligation by acquiring and rehabilitating 16 units in November 2003. Chair Williams also noted that there was a leverage problem with both organizations. Chair Williams restated her concern as to the number of units to be funded by ARM. Mr. Bethel clarified that the funds expended have to comply with the scope of the federal regulations, and that funds not expended within 24 months would be reprogrammed for future allocations.

Ms. Nagy moved to fund \$493,000 to ARM Save the Family, with \$200,00 to CSA, and the extra \$1500 being awarded to ARM Save the Family Foundation. The motion also included Mr. Edward's recommendation as to scope relating to the twenty-year deed restrictions. The motion passed by a vote of 4-1 with Mr. Morgan voting "Nay" and Mr. Edwards abstaining.

The Board moved on to a discussion of funding the CDBG Housing-related proposals. Chair Williams noted the lack of leveraging of these programs. Mr. Bethel explained that CSA's First-Time Homebuyer Program had closed on three homes this year out of the proposed ten ~~eight~~. He referred to a heightened interest in the program, with higher demand currently. Mr. Morgan questioned the amount of the funding used for education. Mr. Bethel explained that in order to receive HUD certification, each participant had to be certified in the training program.

There was discussion as to the unexpended funds Mr. Bethel recommended that the Board not extend the contract, stating that whatever they fail to expend would be reallocated in next year's funding process. Mr. Bethel also noted that it was his recollection that the applicant had been asked during the previous year's process to justify the education costs and that they had done so and the justification had

seemed legitimate to staff. Ms. Nagy pointed out the \$266,000 of unexpended funds from 2003-04.

The Board discussed the FSL Home Improvement request and noted that an award of \$141,000 in 2003-04 remained unexpended except for \$10,000, and that of the six rehabs proposed for that year, not one had been completed to date. Mr. Bethel indicated that they did have contracts in place for the remaining units.

Discussion ensued as to the City of Scottsdale CDBG Housing Rehabilitation Program. Mr. Bethel stated that \$239,000 had been expended for the previous year, and that the programs were running about six months behind. Chair Williams pointed out that the City of Scottsdale Housing Rehabilitation Program had unexpended funds from the previous year that almost equaled the amount of funds they were currently seeking. She expressed concern as to the amount of unexpended funds. Mr. Gawf pointed out two issues:

1. The amount of funding carried over
2. Whether the funds were being used in the most efficient manner.

He referred to Mr. Crystal's report and his assessment of 2700 at risk units in Scottsdale. He noted that the city is not making much of a dent in that figure even if the figure was lower than the report stated. He stressed the need for more rehabilitation and stated that his goal was 50 units for the year. Mr. Gawf suggested that the Housing Board could stipulate that the city rehabilitate 40 units and that would give the city incentive to figure out how to accomplish that end.

It was the consensus of the Board Members that the City of Scottsdale Emergency Repair Program was functioning appropriately. The Board inquired as to the acquisition of more staff for housing issues. Mr. Gawf responded that the city is looking at various options, including the use of other city resources to fill this void. He commented that the easy approach of simply adding more staff was not always the smartest way to solve the problem.

Ms. Nagy suggested funding the full \$175,000 to the Emergency Repair Program, \$60,000 to CSA, and fund CSA and the City of Scottsdale, Citizen & Neighborhood Resources Department at 92 percent of their request, with guidelines as to how many units they should accomplish. Mr. Bethel suggested that more funding should go to the first time homebuyer program in keeping with the city's performance report goals to increase first time homebuyers. Chair Williams requested regular reporting

to the Board as a means to ensure that the Board is involved in the process.

Ms. Nagy moved to fund the full \$477,915 to City of Scottsdale Housing Rehabilitation Program, with a unit goal of 40 units, full funding of \$175,000 to the Emergency Repair Fund, no funding to FSL Housing Rehabilitation, \$251,491 to CSA's First-Time Homebuyer Program for ten units with no extension. Mr. Edwards seconded the motion. Discussion ensued. Mr. Bethel noted that the average cost per unit for rehabilitation in the past six months has been upwards of \$23,000. Chair Williams called for the vote. The motion passed unanimously by a vote of six (6) to zero (0).

Chair Williams stated that she would present the funding as approved by the Board as a recommendation to the Human Services Commission at their meeting on February 19, 2004.

4. CONSULTANT ACTION PLAN REVIEW AND FOLLOW UP.

Molly Edwards explained that staff had been requested to present the information and findings in the Crystal Report in a more user-friendly format for presentation to City Council. She stated that the report should represent an action plan with action steps associated with it.

Chair Williams made the following observations with respect to the report:

- 1) Use the same scale for bar charts comparing north, central and mature regions.
- 2) With regard to "Share of Family Households is Decreasing", what is the population increase, and what is the population increase for single-family households.
- 3) "Median Household Income has increased substantially, except for mature region, where the growth rate was lower." What was the rate before.
- 4) "City population increased 55.6 percent from 1990". How does this compare to family households (percentage), whereas population is reported numerically. How many people live in mature, central and northern regions.
- 5) Questions availability of town homes (inventory) turnover and availability by region.
- 6) How much is average sales price in the mature region influenced by land cost.

Ms. Williams commented that the information presented in the report is vital for the Board, but when looking at mature Scottsdale in terms of revitalization and rehabilitation, the prices go up. The charge of the Board is to help identify and create affordable housing, so when you start doing assemblages and start raising prices above the affordable range, which will happen because the mature region is landlocked, you either have to subsidize to the degree of the increase or look at the city as a whole. She stated that it is not feasible for all of the affordable housing in Scottsdale to be in the mature region.

Mr. Crystal provided more insight into the affordable housing gap issue. The Board Members also discussed that population of individuals who work in Scottsdale, but live elsewhere; DC Ranch; and escalating construction cost in north Scottsdale.

7) Clarification of the differences between the Pollack Study and the CHAS study.

Ms. Edwards noted the difficulty in promoting reinvestment in a home without incentives if the owner is already cost burdened. She indicated that the city was investigating various incentive options. Mr. Crystal provided several examples on which the city could focus:

- a) acquisition and rehabilitation
- b) rental rehab in tandem with financial assistance,
- c) providing the elderly with information on annuity mortgages.

Ms. Edwards asked that the other Board Members communicate their feedback regarding the Crystal Report to her.

Open Call to the Public

There was no public testimony presented.

Adjournment

Being duly moved and seconded, the special meeting of the City of Scottsdale Housing Board was adjourned at 8:10 p.m.

Respectfully submitted,
"For the Record" Court Reporters